Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA)

Program Purpose

The Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) established a new federal credit program under which the U.S. Department of Transportation (US DOT) may provide Federal credit assistance to major transportation investments of critical or national significance, such as: inter-modal facilities; border crossing infrastructure; highway trade corridors; and transit and passenger rail facilities with regional and national benefit. The TIFIA program is designed to fill market gaps and leverage substantial private co-investment by providing supplemental and subordinate capital and credit rather than grants.

Program Products

There are three forms of credit assistance for surface transportation projects of national or regional significance:

- **Secured Direct Loans:**
  - **A debt obligation of the US DOT as the lender, and a non-Federal project sponsor as the borrower;**
  - **Up to 33% of project cost;**
  - **Interest is charged at the Treasury rate of similar maturity;**
  - **Maximum term for repayment is 35 years after completion, flexible with deferrals up to 10 years; and**
  - **Claim on revenue as security for repayment of loan**
- **Loan Guarantees:**
  - **Any guarantees or pledges by the US DOT to pay all or part of the principal and/or interest on a loan or other debt obligation of a project sponsor to a guaranteed lender;**
  - **Up to 33% of project cost;**
  - **Interest is charged at a taxable rate that is negotiated between lender and borrower, with consent of the US DOT;**

- **Maximum term for repayment is 35 years after completion, flexible with deferrals up to 10 years; and**
- **Claim on revenue as security for repayment of loan.**

- **Lines of credit:**
  - **Represent a secondary source of funding in the form of contingent direct loans that may be drawn upon to supplement project revenues, if needed, during the first 10 years of a project's operation;**
  - **Up to 33% of project cost (maximum of 20 % may be drawn per year);**
  - **Available for 10 years after project completion;**
  - **Interest is charged at the rate of a 30-year Treasury note;**
  - **Maximum term of 25 years after end of availability period; and**
  - **Claim on revenue as security for repayment of loan.**

Eligible Sponsors	Eligible Projects
• State/Local Government	• Highway (Title 23) and bridges
• Private Firms	• Transit Vehicles and facilities (Title 49)
• Special Authorities	• Intercity buses and facilities
• Transportation Improvement Districts	• Intercity passenger rail vehicles and facilities including Amtrak
	• Publicly-owned inter-modal freight facilities on the National Highway System

Requirements:

- **Project cost must equal $100 million or 50% of State's apportionment (for intelligent transportation system projects, the minimum cost is $30 million);**
- **Project must be in the STIP;**
- **TIFIA contribution is limited to 33% of the project cost;**
- **Project must be backed by a dedicated revenue source;**
- **Must meet applicable Federal laws (Civil Rights, NEPA, Uniform Relocation, Titles 23/49); and**
- **State/Local approvals (transportation plans and permits).**

Funding:

A total of $530 million of Federal funding is provided to pay the "subsidy cost" for supporting Federal credit under TIFIA to cover estimated losses. Annual caps of $10.6 billion limit the principal amount of credit instruments issued.

Annual Authorizations for TIFIA Credit Assistance ($$ in Millions)

Fiscal Year	1999	2000	2001	2002	2003
Federal Funding	80	90	110	120	130
Maximum Principal Amount of credit	1,600	1,800	2,200	2,400	2,600

The TIFIA program is governed by the Federal Credit Reform Act of 1990 (FCRA), also known as "credit reform". The FCRA requires that, prior to providing TIFIA credit assistance, the US DOT establish a capital reserve or subsidy amount to cover expected credit losses. Loans under this program are authorized for the life of the Transportation Equity Act for the 21st Century (through 2003) with a cumulative budget authority of $530 million. Nevertheless, following are the statutory criteria for selecting projects:

Equal weightings for:

- **National or regional significance, including economic benefit;**
- **Creditworthiness;**

- **Use of public-private partnerships and attraction of private capital;**
- **Project acceleration;**
- **Use of new technologies;**
- **Budgetary impact;**
- **Environmental impact; and**
- **Reduction of federal grant assistance.**

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